



News

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Executive, Mayor and Chris Hansen reach agreements that govern financing for multi-purpose arena in Seattle's Stadium District

Proposed agreements meet commitment to protect General Funds and substantially mitigate financial risk for taxpayers; proposals now go before King County and Seattle City Councils

SEATTLE – King County Executive Dow Constantine and Seattle Mayor Mike McGinn, joined by private investor Chris Hansen, today announced agreements between the City, County and ArenaCo to govern the financing of a proposed new state-of-the-art, multi-purpose arena in the Stadium District of Seattle's SoDo neighborhood.

Executive Constantine and Mayor McGinn detailed important taxpayer protections within the agreements in a joint letter to their respective Councils:

- No new taxes are being sought for construction or operations;
- The project will be self-financed by using revenue that would not otherwise exist but for the operations of the arena;
- Binding non-relocation agreements for the NBA and NHL teams will be in place covering the full term of any public financing;
- A security reserve fund will be established to provide an additional layer of taxpayer protection for the duration of the public debt;
- Revenue sufficient to support annual debt service is guaranteed by the investors;
- The private investors will be solely responsible for any cost overruns and operating revenue shortfalls over the life of the facility, including funding a capitol improvement fund;
- No public funds will be committed until franchise acquisition and all environmental review and permitting processes are completed;
- The City and County will be in a first priority payment position from Arena revenues and in the unlikely event of a financial default, will have a security guarantee in the equity of the parent company for the teams and the Arena operator.

"The commitment to invest upward of \$800 million of private capital in the arena and purchase of two teams represents a strong vote of confidence in the future of our city and county, especially in this challenging economic climate. It is one of the largest commitments of private

capital ever made for a project like this in North America," the Executive and Mayor wrote in their joint letter about the agreements.

"This proposal also represents a unique opportunity in our region's history," they wrote. "The existing football and baseball stadiums in the Stadium District were developed as part of a community effort to keep our sports teams from relocating to a different region. With this proposal we have a positive opportunity to embrace new professional sports teams and a significant new private investment into our community."

On transportation, the Executive and Mayor noted that "while there are challenges in the SoDo neighborhood, including freight mobility issues, let us not forget that it is the largest transportation hub in the region. Link light rail, a Sounder train line, three bus rapid transit lines, 21 Metro bus lines, nine Sound Transit Express bus lines, four ferry routes, two interstate freeways and a future deep bore tunnel converge in this neighborhood. There is no other site in the region that possesses the transportation assets that are unique to this area, which is a major reason the existing sports facilities are located there."

The Executive and Mayor will transmit the proposed Memorandum of Understanding and the interlocal agreement to the Metropolitan King County Council and Seattle City Council, respectively, for review and adoption.

You may read the entirety of Executive Constantine and Mayor McGinn's letter to their respective Councils at www.kingcounty.gov/arena and at www.seattle.gov/arena, where you can also download the full text of the proposed agreements.

